

# UNEMPLOYMENT COMPENSATION FUND

Department of Workforce Services



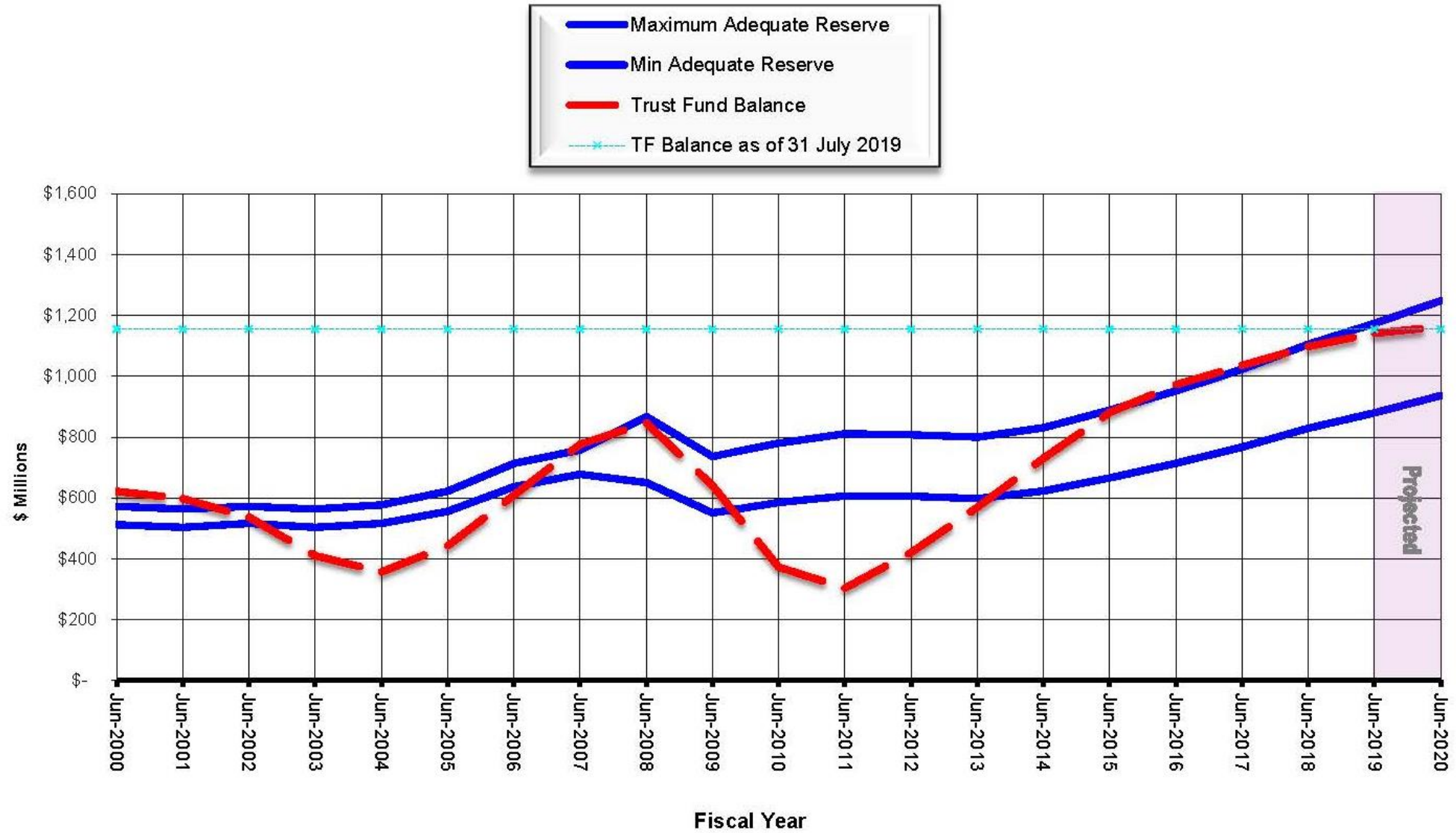
# STATUTORY GOVERNANCE

- UCA 35A-4-501 – Unemployment Compensation Fund
  - Funds shall be used exclusively for the payment of unemployment benefits and refunds of contributions
- UCA 35A-4 – Employment Security Act
  - Formula for employer contribution rate
  - Formula for reserve factor (adequacy of reserve)
  - Defines payments in lieu of contributions for nonprofits, governmental units, and Indian tribal units
  - Formula for computation of benefits
  - Defines eligibility for benefits

# UNEMPLOYMENT INSURANCE OVERVIEW

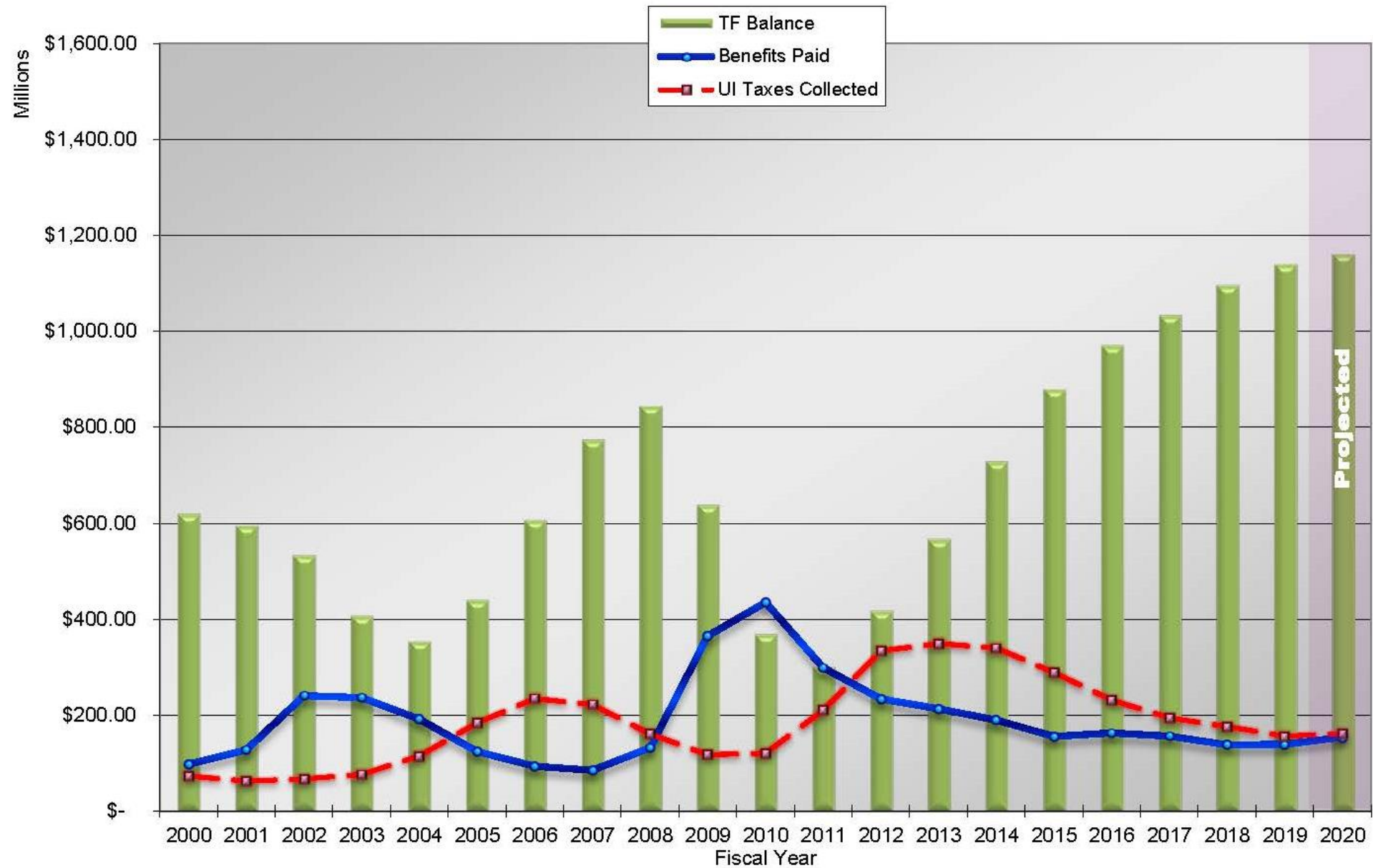
- Unemployment Insurance (UI) is a joint state and federal program that provides economic stability to Utah's workforce.
- Contributions (taxes) are collected from Utah employers through the state unemployment program to exclusively pay benefits to individuals who are unemployed through no fault of their own.

# UI Trust Fund Balance Projections



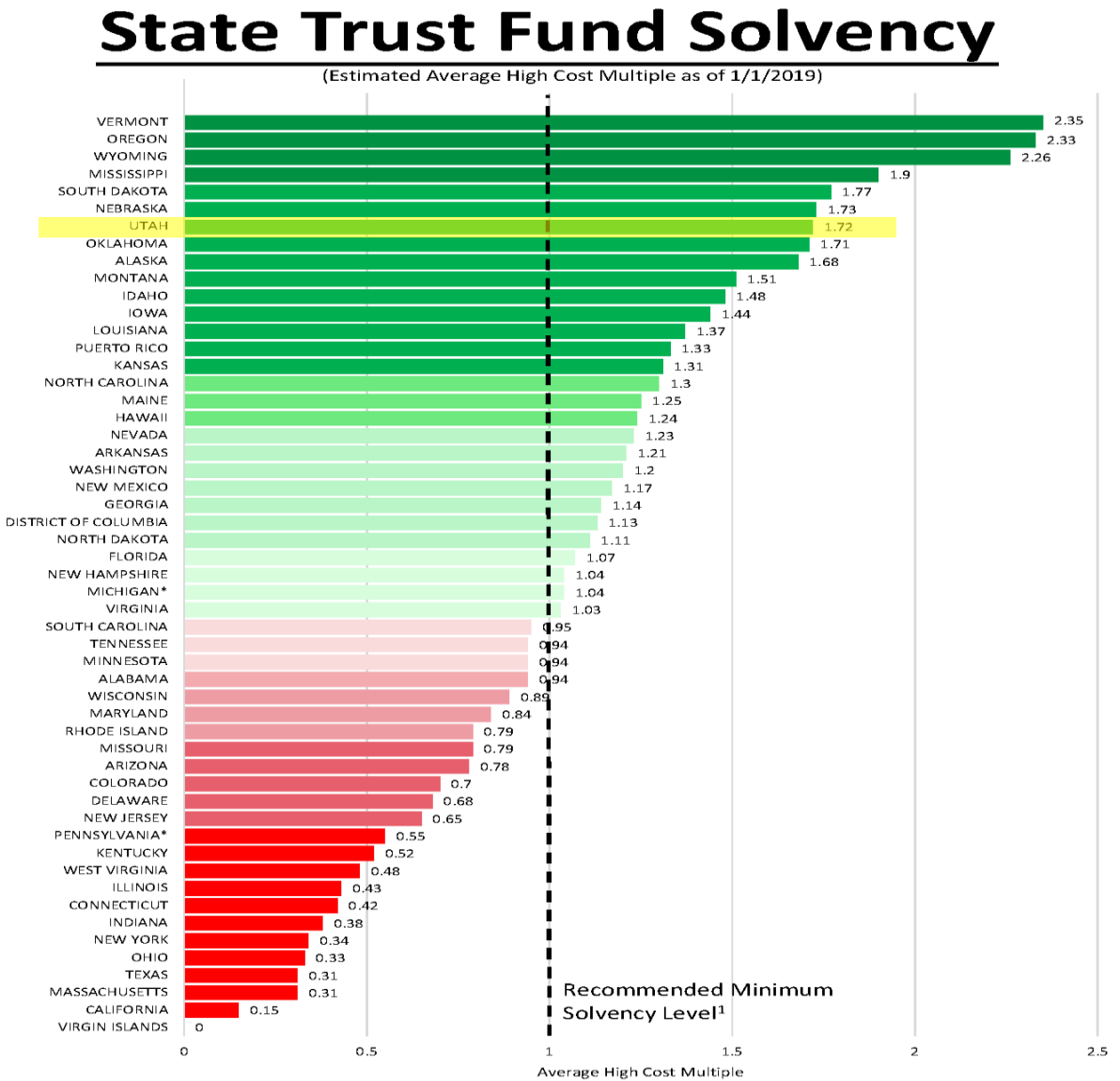
Trust Fund Balance: (07/31/2019): 1.154 Billion

## Contributions vs Benefits Paid



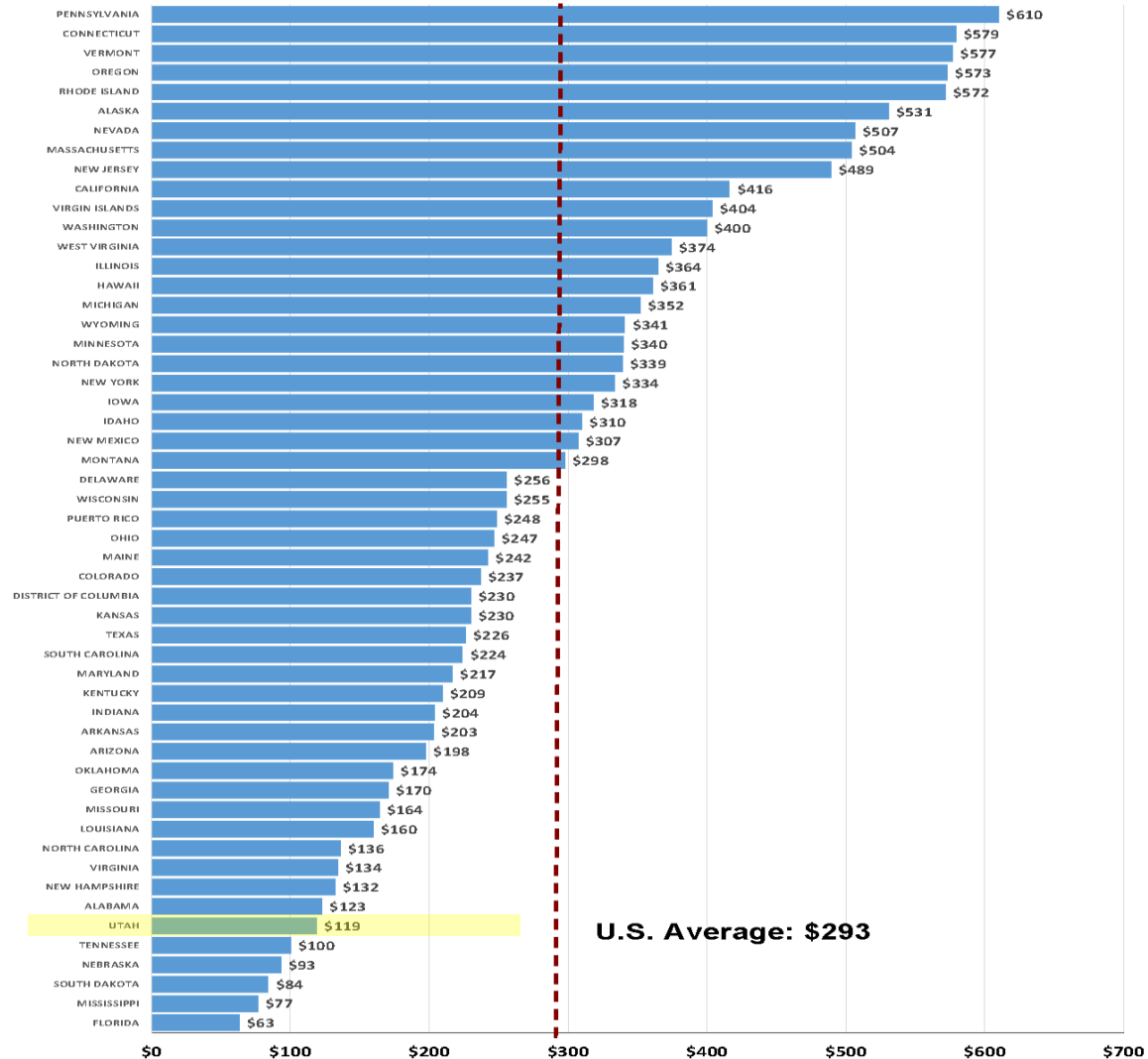
# DOL STATE TRUST FUND SOLVENCY

A high cost multiple of 1.0 means that a state has a one-year reserve at its historically highest level of benefit payments without relying upon UI payroll tax revenues



\* State has outstanding private debt instrument.  
1. Advisory Council on Unemployment Compensation, (1996), recommendation 95-2.

# Average Employer Tax Amount Per Covered Employee (CY2018)

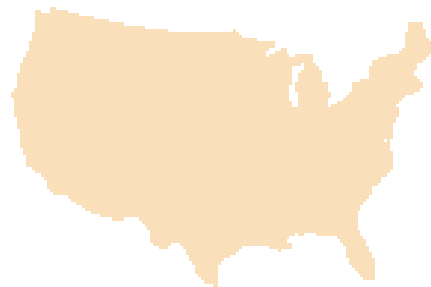


DOL AVERAGE  
EMPLOYER TAX  
AMOUNT PER  
COVERED EMPLOYEE

# UTAH UNEMPLOYMENT INSURANCE

UTAH RANKS

**7<sup>TH</sup>**  
**HIGHEST**  
in trust fund solvency



yet has the



**6<sup>TH</sup>**  
**LOWEST**  
tax rate for employers

*average employer tax amount  
per covered employee*

**\$119** UTAH

**\$293** U.S. AVG. **\$610** HIGHEST STATE



# TOTAL CONTRIBUTIONS COLLECTED

- Total Collected in 2013  
—\$354,137,690
- Total Collected in 2018  
—\$163,746,732

***\$190,390,958*** Less in Collections (53% Reduction)

# REASONS FOR LOW TAX RATE WHILE MAINTAINING TRUST FUND SOLVENCY

- Program is designed well
  - During the last recession over 38 states/territories trust funds went insolvent (72%), Utah's did not
  - The formula has also responded well to the current, long economic run
- Utah Average Benefit Duration – 12.4 weeks
  - National Average Duration – 15.4 Weeks
- Utah Average Exhaustion Rate – 26.3%
  - National Average Duration Rate – 36.0%
- Utah has the 4th lowest Improper Payment Rate in the nation
- Incredible staff that work hard to administer the program